

City of Detroit

CITY COUNCIL

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ANNE MARIE LANGAN
DEPUTY DIRECTOR
(313) 224-1078

TO: Robert A. Bury, Director
Historical Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 27, 2010

RE: 2010-2011 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2010-2011 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Monday, May 3, 2010 at 10:30 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Thomas Lijana, Finance Director
Pamela Scales, Budget Department Director
Rene Short, Budget Manager
Kamau Marable, Mayor's Office

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Detroit Historical Museum

FY 2010-2011 Budget Analysis by the Fiscal Division

Summary

In March 2006, the City entered into an agreement with the Detroit Historical Society (Society) to manage the operations of the Detroit Historical Museums, which include the Detroit Historical Museum, the Dossin Great Lakes Museum, and the Collections Resource Center at Historic Fort Wayne. Responsibility for the Historic Fort Wayne facility was transferred to the Recreation Department. The initial term of the agreement runs through June 30, 2020. Renewal of the agreement is for successive ten-year terms unless either party provides notice of termination at least one hundred eighty days before the date of renewal. Under the terms of the agreement, the City retains ownership of all the facilities, collections, artifacts, exhibits, office furnishings and other assets and is responsible for the expenses associated with their maintenance and upkeep. The Society will manage and operate the museums and will retain all revenues from the museums' operations.

The agreement stipulates that the City will provide an annual operating subsidy of \$500,000 to the Detroit Historical Society for the first three years of the agreement, fiscal years 2005-2006, 2006-2007, and 2007-2008. For all successive years of the agreement, pursuant to the City's budget process, the Society will approach the City with a request for an annual appropriation. In addition, the City agreed to grant the Society access to annually budgeted capital funds for the Museums and the Collections Resource Center.

The Mayor's Proposed 2010-2011 Budget includes \$0.4 million in funding for the Detroit Historical Museums, which is a subsidy for operations. In addition, \$0.3 million is included in the Recreation Department's Appropriation 12141 for operation of Historic Fort Wayne.

In Fiscal Year 2007-2008, \$2.8 million and in Fiscal Year 2008-2009, \$17.2 million in capital funding was appropriated for the Detroit Historical Museums, from the voter authorized \$20.0 million in general obligation bonds for capital improvements. As per the operating agreement, these budgeted capital funds are carried over and will be made available for the Society's use as the bonds are sold.

Significant Changes in Funding by Appropriation

Approp. Program

12162	Historical Operations	The Mayor's 2010-2011 Proposed Budget includes \$0.4 million operational subsidy. This is the same appropriation included in the prior year budget.
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Issues and Questions

1. What progress has been made with the \$34 million campaign launched in 2008 to finance expansion and improvements of both the Detroit Historical Museum and the Dossin Great Lakes Museum?
2. What challenges does the Society face related to operation of the museums in the coming years?
3. The Recreation Department indicates plans to develop a new boxing site and program at Ft. Wayne. Will the Historical Society be involved in this at all?